

Message Text

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FM AMEMBASSY QUITO

TO SECSTATE WASHDC 9222

INFO AMEMBASSY CARACAS

AMCONSUL GUAYAQUIL

AMEMBASSY LIMA

AMEMBASSY MANILA

C O N F I D E N T I A L QUITO 1645

E.O. 11652: GDS

TAGS: UNCTAD PFOR EC RP

SUBJ: FONMIN PESANTES' REPORT TO THE CABINET ON MANILA MEETING OF
GROUP OF 77.

1. BEGIN SUMMARY. IN HIS FEBRUARY 24 REPORT TO THE CABINET
ON ECUADOR' PARTICIPATION IN THE FEBRUARY 2 MANILA MEETING
OF THE GROUP OF 77, FOREIGN MINISTER ARMANDO PEASNTES
SAID THAT THE MEETING HAD BEEN SUCCESSFUL IN PREPARING THE
ORGANIZATION FOR THE UPCOMING NAIROBI MEETING OF UNCATD.
PESANTES, IN HIS PRESENTATION AT THE CONFERENCE, CONDEMNED
DISCRIMINATORY AND COERCIVE ECONOMIC MEASURES BY THE DEVELOPED
COUNTRIES (I.E., ECUADOR'S EXCLUSION FROM GSP IN THE US
TRADE ACT), REAFFIRMED ECUADOR'S SOVEREIGNTY OVER
ITS NATURAL RESOURCES, AND GAVE SUPPORT FOR THE NEW ECONOMIC
ORDER. MOST SIGNIFICANTLY, PESANTES TOLD THE DELEGATES THAT
THE WAY TO END THEIR ECONOMIC DIFFICULTIES WITH THE
INDUSTRIALIZED POWERS WAS THROUGH CONSTRUCTIVE BILATERAL
AND MULTILATERAL RELATIONSHIPS RATHER THAN THROUGH CON-
FRONTATION. FINALLY, ALTHOUGH IN HIS MANILA SPEECH
PESANTES HIT ECUADOR'S EXCLUSION FROM THE BENEFITS OF THE
US TRADE ACT IN STRONG TERMS, HIS REFERENCE TO THE
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QUESTION IN THE CABINET REPORT WHICH WAS LATER RELEASED

TO THE PRESS SEEMED ALMOST PRO FORMA AND WAS SOXER THAN PUBLIC STATEMENTS MADE EARLIER BY HIS PREDECESSOR AND OTHER GOE OFFICIALS. WE ARE ALSO NOTING MORE MODERATE DISCUSSION (THOUGH NOT A CHANGE OF POSITION) ON GSP IN MEETINGS WITH GOE OFFICIALS. END SUMMARY.

2. MINISTER OF FOREIGN RELATIONS, DR. ARMANDO PESANTES, DELIVERED HIS REPORT ON THE FEBRUARY 2 MANILA MEETING OF THE GROUP OF 77 TO THE CABINET FEBRUARY 24. HIS COMMENTS WERE EXCERPTED BY THE QUITO NEWSPAPERS OF FEBRUARY 25 AND COPIES OF THE COMPLETE TEXT WERE PROVIDED TO THE MEDIA AND THE EMBASSY

3. PESANTES INFORMED THE CABINET THAT HE HAD BEEN ELECTED VICE PRESIDENT OF THE MEETING AND THAT OTHER REPRESENTATIVES FROM THE ECUADOREAN DELEGATION HAD BEEN CHOSEN TO HEAD WORK GROUPS. HE COMMENTED THAT HE HAD HAD A DISCUSSION WITH THE PHILIPPINES' GENERAL CARLOS ROMULO, WHO HAD PRESIDED OVER THE CONFERENCE, AND THEY HAD BOTH AGREED THAT THEIR COUNTRIES SHOULD HAVE CLOSER RELATIONS. PESANTES TOLD ROMULO THAT THE GOE WOULD CONSIDER ACCREDITING AN AMBASSADOR TO THE PHILIPPINES, AND THAT HE WOULD PROBABLY BE RESIDENT IN TOKYO. ROMULO SAID THAT THE WIFE OF THE PRESIDENT, MRS. MARCOS, MIGHT MAKE A TOUR OF LATIN AMERICA AND THAT ECUADOR WOULD LIKELY BE INCLUDED AMONG HER STOPS.

4. TURNING TO THE WORK OF THE CONFERENCE, PESANTES SAID THAT THE DELEGATES HAD SUCCEEDED IN THEIR GOAL OF PREPARING THEMSELVES FOR THE UPCOMING UNCTAD MEETING IN NAIROBI, IN SPITE OF MANY OBSTACLES. INTERNAL DIVISIONS WERE OVERCOME SO THAT THE MEMBER COUNTRIES CAN ARRIVE IN NAIROBI FIRM IN THEIR CONDEMNATION OF AN ECONOMIC SYSTEM THAT IS UNFAIR TO SEVENTY PERCENT OF THE WORLD'S POPULATION.

5. ON FEBRUARY 3 PESANTES DELIVERED HIS DELEGATION'S PRESENTATION TO THE CONFERENCE. IN HIS REPORT TO THE CABINET HE SAID "IN CLEAR FORM I EMPHASIZED ECUADOR'S REJECTION OF CERTAIN DISCRIMINATORY FORMS IN THE APPLICATION OF THE GENERAL SYSTEM OF PREFERENCES (OF US TRADE ACT); CLARIFYING THAT OUR COUNTRY DOES NOT SEEK THE SOLUTION TO THESE KINDS OF PROBLEMS IN CONFRONTATION BUT RATHER WE BELIEVE THAT THESE OBSTACLES SHOULD BE REMOVED THROUGH IMPROVED BILATERAL AND MULTILATERAL RELATIONS, THROUGH THE ELIMINATION OF COERCIVE OR DISCRIMINATORY MEASURES. I ADDED THAT, IN THE MEANWHILE, ECUADOR MAINTAINS A FLEXIBLE AND OPEN POSTURE TOWARD A DIALOGUE

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OF MUTUAL INTERESTS THAT CAN DEVELOP HARMONIOUS COOPERATION."

6. ALTHOUGH PESANTES' REMARKS IN HIS CABINET SPEECH ABOUT GSP WERE MODERATE AND SEEMED ALMOST PRO FORMA, HIS ACTUAL SPEECH BEFORE THE MEETING IN MANILA CONTAINED A STRONG CONDEMNATION OF THE US TRADE ACT. UPON COMMENTING THAT ECUADOR HAD BEEN EXCLUDED FROM THE BENEFITS OF THE ACT BECAUSE IT WAS A MEMBER OF OPEC, PESANTES SAID THAT ECUADOR HAD BEEN EXCLUDED FROM "THE OPPORTUNITY OF A TREATMENT THAT SHOULD NOT BE RECIPROCAL OR DISCRIMINATORY, PRECISELY BY THE COUNTRY THAT IS ITS BEST IMPORT AND EXPORT MARKET, CAUSING AN INTERFERENCE THAT DAMAGES THE POSSIBILITIES NT ITS ECONOMIC AND SOCIAL DEVELOPMENT." HE CONCLUDED THAT "THE PURPOSE OF SUCH A MEASURE IS APPARENTLY DETERMINED BY THE DESIRE TO ASSURE A SITUATION OF DOMINANCE AND TO INTERPOSE ITSELF (THE US) IN THE FREE AND SOVEREIGN USE OF NATURAL RESOURCES." AS HE SAID IN HIS CABINET REPORT, PESANTES DID REPORT THAT ECUADOR INTENDED TO SEEK REDRESS THROUGH NEGOTIATION RATHER THAN CONFRONTATION.

7. PESANTES FURTHER TOLD THE CONFERENCE THAT ECUADOR WILL CONTINUE TO EXERCISE FULL SOVEREIGNTY OVER ITS NATURAL RESOURCES. ECUADOR WILL DEVELOP THROUGH ITS OWN EFFORTS; THEREFORE, ITS PETROLEUM RESOURCES WILL BE USED TO CREATE NECESSARY ECONOMIC INFRASTRUCTURE. ALSO, THE COUNTRY WILL CONTINUE TO PARTICIPATE IN ORGANIZATIONS WHOSE PURPOSE IS TO OBTAIN JUST PRICES FOR RAW MATERIALS AND WILL REMAIN A MEMBER OF OPEC.

8. IN HIS PRESENTATION TO THE CABINET PESANTES ALSO SIGNALLED THE NEED FOR A CODE OF CONDUCT FOR MULTINATIONAL ENTERPRISES AND FOR THE PARTICIPATION OF DEVELOPING
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COUNTRIES IN THE WORLD'S ECONOMIC DECISION-MAKING PROCESSES. IN SUMMARY, PESANTES STATED THE GOE'S SUPPORT FOR THE NEW ECONOMIC ORDER, AND SOLIDARITY WITH THE THIRD WORLD.

9. COMMENT: IN PUBLIC PRONOUNCEMENTS FOR A CONSIDERABLE TIME GOE OFFICIALS HAVE CONDEMNED THE US TRADE ACT IN VERY STRONG TERMS. AND PRIVATELY WITH MISSION OFFICERS, GOE OFFICIALS HAVE OFTEN TAKEN A HARD LINE. HOWEVER, IN SPITE OF PESANTES' REMARKS IN MANILA, WE ARE NOTICING A SUBTLE CHANGE IN PRIVATE MEETINGS WITH FOREIGN MINISTRY OFFICIALS ON THE QUESTION OF GSP. IN A DISCUSSION WITH THE AMBASSADOR FEBRUARY 19 THE FOREIGN MINISTER INDICATED THAT HE UNDERSTOOD THE US DIFFICULTIES IN BRINGING ABOUT A REVERSAL OF ITS POSITION AND THAT HE HELD A MODERATE

VIEWPOINT. THAT ECUADOR PERHAPS BETTER COMPREHENDS OUR
POSITION ON THE TRADE ACT WAS ALSO DEMONSTRATED FEBRUARY
26 WHEN ROQUE CANADAS, HEAD OF THE ECONOMIC AFFAIRS
OFFICE OF THE FOREIGN MINISTRY, TOLD EMBOFFS THAT HE
UNDERSTOOD THE PROBLEMS OF TRYING TO REVISE THE ACT THIS
CONGRESSIONAL SESSION DURING AN ELECTION YEAR. HE
FURTHER SAID THAT HE UNDERSTANDS THE AMERICAN PUBLIC'S
TENDENCY TO PLACE ALL OF THE OPEC COUNTRIES IN ONE
CATEGORY. CANADAS SAID THAT ALTHOUGH THE GOE HAD NOT
ALTERED ITS POSITION ON GSP, IT DID RECOGNIZE THE EFFORTS
OF THE STATE DEPARTMENT ON ITS BEHALF. HE ALSO EXPRESSED
THE VIEW THAT THE STATE DEPARTMENT WAS MUCH MORE SENSITIVE
TO THE NEEDS AND POSITION OF ECUADOR THAN THE OTHER
DEPARTMENTS OF THE USG.
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